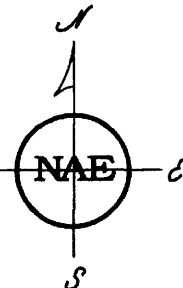
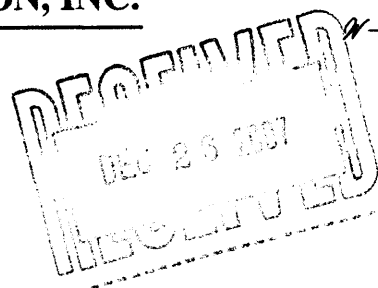


NORTH AMERICAN EXPLORATION, INC.

MINERAL EXPLORATION SERVICES



December 20, 2007

Mr. Tim L. Mosey
Basin Perlite Company
% Resource Capital Fund
1400 16th Street, Suite 200
Denver, CO 80202

Dear Tim,

Here is the report on the reclamation of the Pearl Queen Pit. We are also sending a copy to Mr. to Munson of the Utah Division of Oil, Gas and Mining, and Mr. Dick Rollins, who did the work.

Thank you for the work. The seeds are all under snow now. We hope for a wet winter and good growing season so we can see those seeds grow!

Best regards,


O. Jay Gatten

OJG/tmg

Encls.

Cc: Correspondence (no encls)
Project (w/encls)
Tom Munson – DOGM (w/encls)
Dick Rollins – Rollins Construction (w/encls)

RECEIVED

FEB 04 2008

DIV. OF OIL, GAS & MINING

PEARL QUEEN PERLITE PIT
RECLAMATION STATUS

PREPARED FOR:

MR. TIM L. MOSEY
BASIN PERLITE COMPANY
C/O RESOURCE CAPITAL FUND
1400 16TH STREET, SUITE 200
DENVER, CO 80202
720/946-1444

PREPARED BY:

O. JAY GATTEN
AMERICAN INSTITUTE OF PROFESSIONAL GEOLOGIST #4584
UTAH PROFESSIONAL GEOLOGIST #5222768-2250

NORTH AMERICAN EXPLORATION, INC.
447 NORTH 300 WEST, SUITE 3
KAYSVILLE, UTAH 84037
801/544-3421

DECEMBER 12, 2007

1. INTRODUCTION

Basin Perlite Company, a wholly owned subsidiary of Resource Capital Fund, operated an open-pit perlite mine under Utah Division of Oil, Gas and Mining (DOGM) Large Mine Permit M/001/027. The pit is located in the SE quarter of section 2, T27S-R9W, SLBM, about 12 miles northeasterly of Milford, Utah. This land is owned by the state and was mined under Metalliferous Lease ML 3092.

The Large Mine Permit covers the following areas (Exhibit A).

<u>Area</u>	<u>Acreage</u>
1. Pearl Queen Pit	20.55
2. Schoo Pit	12.10
3. Haul Road	<u>1.20</u>
TOTAL	33.85

This report relates only to work done on the Pearl Queen Pit. Work was done by Rollin's Construction Company (Dick Rollins), Box 249, 1842 South Highway 21, Milford, Utah 84751, 435/387-2175. The work was managed by O. Jay Gatten of North American Exploration, Inc., 447 North 300 West, Suite 3, Kaysville, Utah 84037, 801/544-3421. Work was authorized by Tim Mosey of Resource Capital Fund, 1400 16th Street, Suite 200, Denver Colorado 80202, 720/946-1444.

2. SITE PREPARATION- 2006

Work was done during a period of unusually dry and mild winter weather and there was no snow cover. The area was graded and contoured to less than 2.0:1 (horizontal: vertical) slopes. In this process almost all of the existing weed cover was removed. A portion of a waste disposal area north of the pit and the access road were not reclaimed at that time. The road was left intact until it is determined that seeding in the pit is successful. The road and the remainder of the waste disposal area will then be reclaimed.

A variance has been granted in that the reclaimed slope in the waste disposal area can be 60 degrees or less, which conforms to the adjoining steep hillsides.

This work was done with a D-8 dozer and a track hoe between the period of January 9 to January 14, 2006. The site was inspected by Tom Munson of the DOGM on January 12, 2006. He verbally approved the slopes but requested that the ground be furrowed and "roughed up" prior to seeding. The area reclaimed was about 10.2 acres in size (Exhibit B).

3. SEED BED PREPARATION- 2006

This consisted of three phases of work.

3.1 Topsoil Redistribution

Topsoil from existing stockpiles was redistributed over the 10.2 acres of land that have been disturbed. This work was done with a dozer and there was generally less than 6 inches of topsoil on the graded surface.

3.2 Perlite Rubble Amendment

The perlite rubble was amended using the DOGM recommended amount of at least 5 tons of composted manure per acre. A total of about 70 tons of manure were hauled by truck and then spread with a dozer. Soil and amended perlite overburden was spread over the 10.2 acre area to the depth of about 12 inches (Exhibit B).

3.3 Seed Bed Preparation

The ground was furrowed and "roughed up" in preparation for seeding. The dozer ripped parallel to the contour to a depth of 2 to 3 feet. In addition a track hoe was brought in and used to prepare the steeper southwest part of the pit. The result was a base of at least 2 feet of broken

perlite overburden for the soil and amended perlite rubble. Piles of grubbed vegetation were moved on to furrowed land and then the land that had been beneath the piles was furrowed. This work was done between January 16 to January 18, 2006.

4. SEEDING- 2006

4.1 Seed Mix

Seeding was accomplished using the mix recommended by the DOGM (Exhibit C). This is a total of 11.5 pounds of seed per acre. In addition the DOGM recommended that an additional 50% of the seed mix be used (17.25 pounds per acre). This was done and a total of 200 pounds of seed was purchased (Exhibit D) and planted. This seed mix was based on a soil analysis (Exhibit E).

4.2 Seeding

Seeds were planted with a "4-wheeler" ATV and a planter in the flatter areas. Seeds were broadcast planted by hand on the steeper slopes. There was about 4 inches of snow on the property and it had drifted, resulting in snow cover from 0 to 18 inches. Seeding was done on January 20, 2006.

5. SEEDING RESULTS

The planting in early 2006 was followed by two extremely dry years and the approved seeds did not germinate and grow. Extremely dry conditions resulted in extensive range and brush land fires during the summer of 2007, which burned off almost all of the Mineral Range. This fire burned all around the pit, but not within the pit itself. Tom Munson of the Utah Division of Oil, Gas & Mining visited the site and determined that the planting was unsuccessful.

6.0 SEED BED PREPARATION

- 6.1 Follow up work was done by Rollin's Construction Company, the same company that had done the initial reclamation work in early 2006. The work was done with a D-8 dozer between December 3 and December 6, 2007.
- 6.2 The dozer ripped parallel to the contour to a depth of 2 to 3 feet. The result was at least 2 feet of broken perlite overburden mixed with soil and amended perlite rubble. Piles of grubbed vegetation (primarily juniper trees) were redistributed on the furrowed ground.

7.0 SEEDING

7.1 Seed Mix

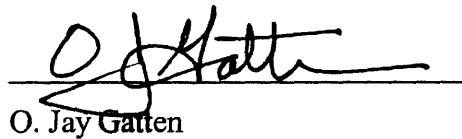
Seeding was done using the mix recommended by the DOGM (Exhibit C). Required application was at least 11.5 pounds of seed per acre and the DOGM recommended that an additional 50% of the seed mix be used (17.25 pounds per acre). A total of 200 pounds of seed was purchased for the 10.2 acres of land to be seeded.

7.2 Seeding

Seeds were broadcast behind the dozer that was ripping the ground to prepare for seeding. Prior to planting, a storm had just laid down about 3 inches of moisture and about 1 to 2 inches of snow was on the ground. The planting was done from December 3 to 6, 2007. Immediately after the seeding, another storm occurred which put down several inches of snow in the reclamation area. Tom Munson, of the Utah DOGM, was telephoned before and after this reclamation work but he did not physically inspect the site during this work.

8. CERTIFICATION

I, O. Jay Gatten, certify that the above reclamation work was done to the best of my knowledge. I further state that the work was done according to the reclamation practices specified in Utah Large Mine Permit M/001/027. I have no ownership and do not contemplate any ownership, in Resource Capital Fund or Rollins Construction Company.

A handwritten signature in black ink, appearing to read "O. Jay Gatten", is written over a horizontal line.

O. Jay Gatten

Certified Professional Geologist #4584

Utah Professional Geologist #5222768-2250

BASIN PERLITE COMPANY
 SURFACE FACILITIES MA
 PEARL QUEEN MINE
 PERMIT M/001/02
 BEAVER COUNTY, UT
 1275 R9W

DECEMBER 2002
 SCALE 1" = 400'

EXHIBIT A

SEC 1

SEC 2

Expansion 12/02-12/07
 4.75 acres more or less total

Current Permit Boundary
 19.9 acres more or less

No Surface Disturbance
 Until 12/07 2.7 acres

Proposed Total
 Drop From
 Permit Area
 13.5 acres

Road To Be Permitted
 1.2 acres more or less

Expansion
 7.24 acres more or less

EXHIBIT A

UTAH STATE MINERAL LEASE M/ 3092

GPS Control Point

GPS Control Point

GPS Control Point

No Surface
 Disturbance
 Until 12/07
 2.44 acres

Road To Be
 Constructed

4 Acres

87.5

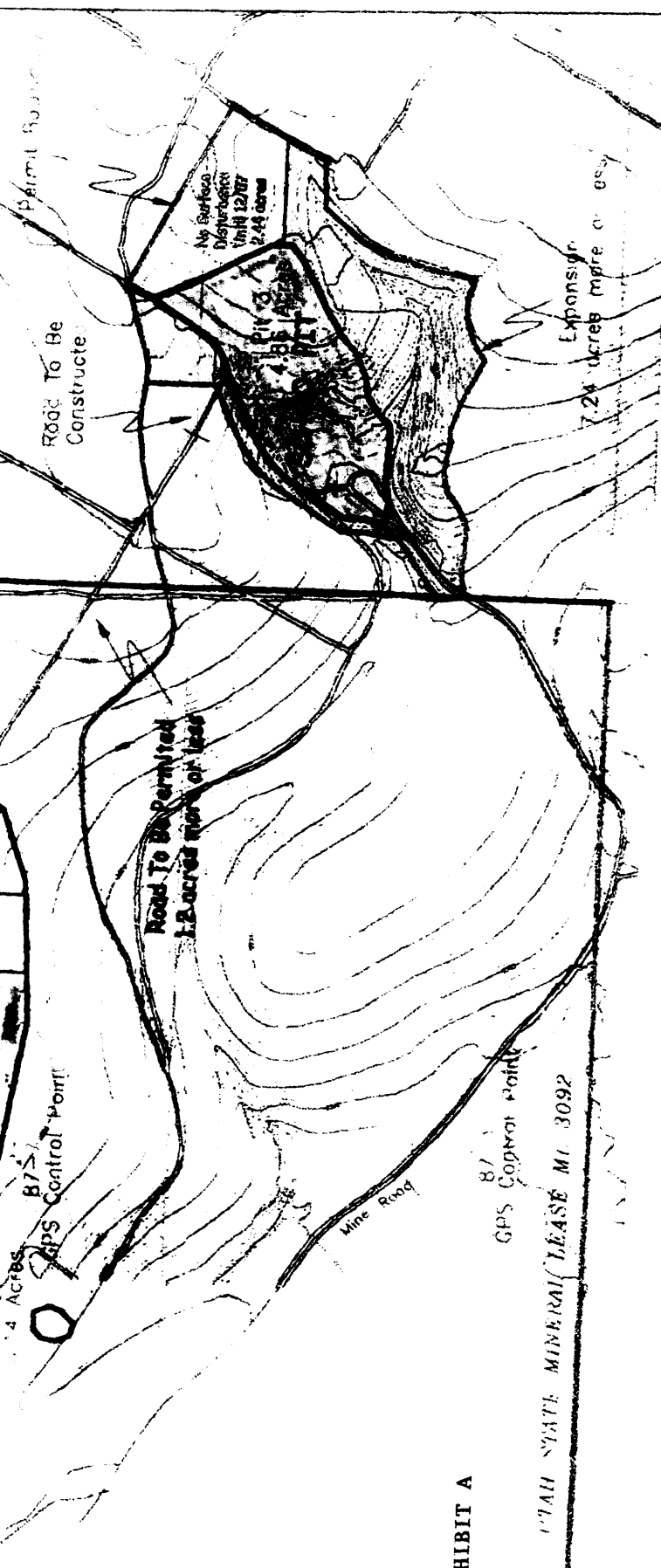
87.6

87.4

87.5

Mine Road

Mine Road



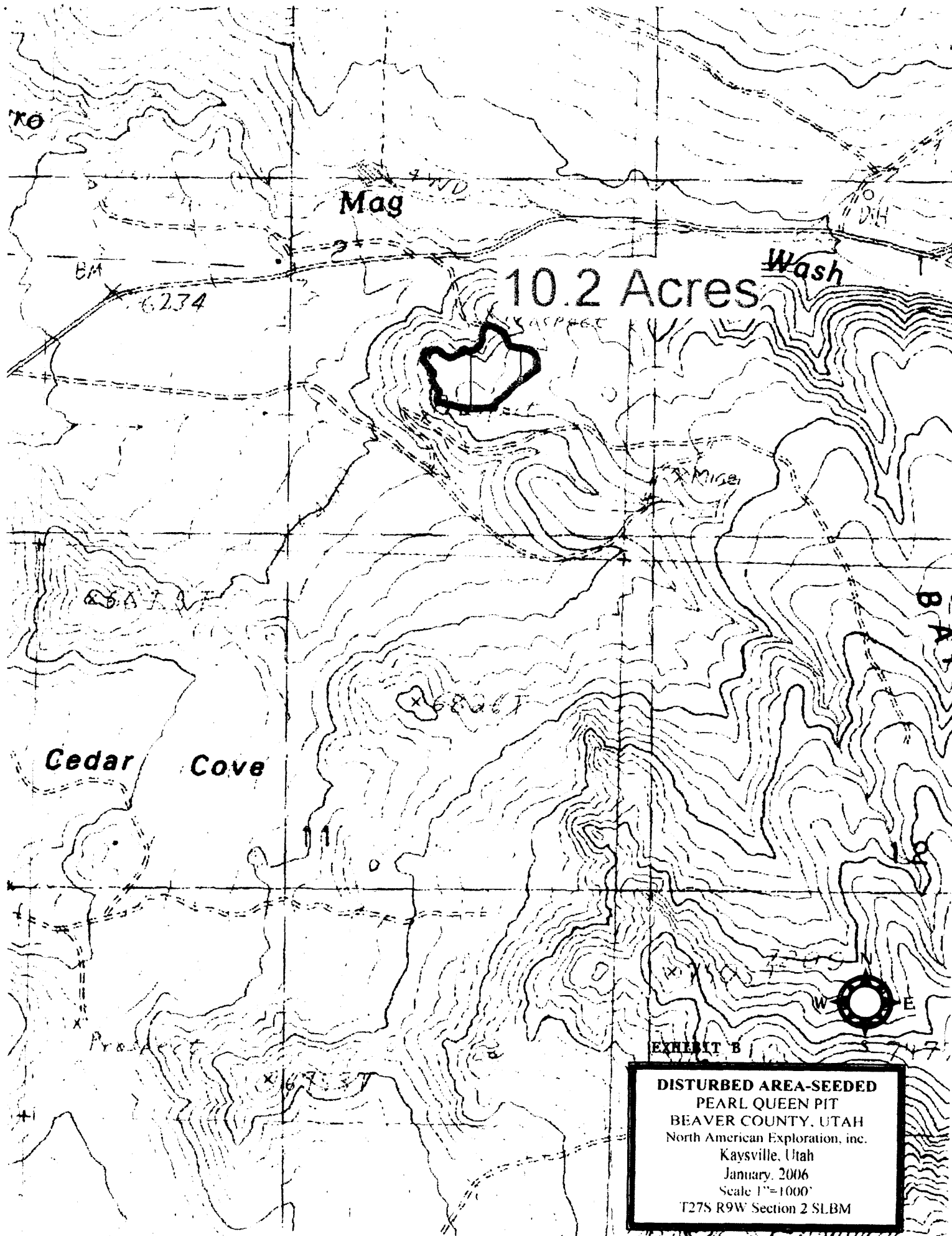


EXHIBIT B

DISTURBED AREA-SEEDED
PEARL QUEEN PIT
BEAVER COUNTY, UTAH
North American Exploration, inc.
Kaysville, Utah
January, 2006
Scale 1"=1000'
T27S R9W Section 2 SLBM

APPROVED

MAY 28 2003

DIV. OIL GAS & MINING

Recommended seed mix for Basin Perlite

M/001/027

Prepared by Oil, Gas and Mining February 24, 2002

Species	Pounds Pure Live Seed/Acre
Bluebunch Wheatgrass	2
Sandberg Bluegrass	0.5
Indian Ricegrass	2
Thickspike Wheatgrass	1
Palmer Penstemon	0.25
Small Burnet	1
Northern Sweetvetch	0.5
Wyoming Big Sage	0.25
Fourwing Saltbush	1
Cliffrose	1
Bitterbrush	1
Curlleaf Mountain Mahogany	1

TOTAL 11.5

use + 50% of recommended seeds
per acre (Section 110.4 - first TP)



THE MAPLE LEAF CO.
SEED DIVISION

450 South 50 East
Ephraim, UT 84627

Invoice

Date	Invoice #
12/5/2007	20671

Bill To
Rollins Construction & Trucking 1842 South Highway 21 P.O. Box 249 Milford, Utah 84751

Ship To
435.387.2202

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project	Reference
Diak			12/5/2007				
Qty	Description	Lot #	Price Each	Amount			
200	Custom Seed Mix, Mix for BLM		11.75	2,350.00			
1	Shipping Charges, Common Carrier - Old Dominion freight		78.00	78.00			
	Sales Tax		6.25%	146.88			
Total				\$2,574.88			

Discounts on early payment terms do not apply to shipping charges.

EXHIBIT D

STILL MORE

THE UNIVERSITY OF CHICAGO

FOR SMALL BUSINESS

STREET FIGHTS

THE NEW YORK PUBLIC LIBRARY

100

83

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26

THE

100

100

100

三

THE

THE



10

THE UNIVERSITY OF CHICAGO PRESS

112
B
12
C
13
D
14
E
15
F
16
G
17
H
18
I
19
J
20
K
21
L
22
M
23
N
24
O
25
P
26
Q
27
R
28
S
29
T
30
U
31
V
32
W
33
X
34
Y
35
Z
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
83

THE

THE

Abstract

Abstract

10

APPROVED

MAY 28 2003

DIV. OIL GAS & MINING

REPORT OF ANALYSIS

North American Exploration
Attn: Danny Gatten
472 North Main
Kaysville, Utah 84037

August 20, 1996
Project# 96-499

1 sample for Miscellaneous analysis

ANALYTE	UNITS	Sample #1 Lab # 55306
Texture	----	sandy
pH	----	7.97*
Conductivity	μmhos/cm	1360*
SAR	----	0.200
Saturation %	%	1.30
Percent Organic Matter	%	2.20
Alkalinity	μg HCO ₃ /ml	691*
Cation Exchange Capacity	meq/100g	19.3
CaCO ₃	%	2.36
Sulfur (Acid Potential)	%	0.03
Selenium	ppm	< 10
Total Nitrogen	%	0.27
Nitrate Nitrogen	%	< 0.04
Phosphorus (as P ₂ O ₅)	%	0.19
Potassium (as K ₂ O)	%	1.03

* - from saturated extract

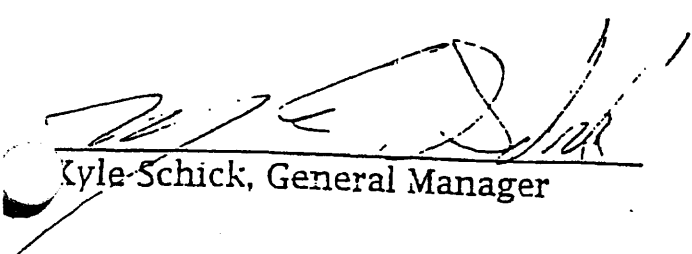

Kyle Schick, General Manager

EXHIBIT E

Rollins Construction & Trucking

P.O. Box 40 or 249
1842 South Highway 21
Milford, UT 84751
USA

Voice: 435-387-2451 or 2175
Fax: 435-387-2452

INVOICE

Invoice Number: 13759
Invoice Date: Dec 12, 2007
Page: 1
Duplicate

Bill To:
North American Exploration, INC 447 North 300 West, Suite 3 Kaysville, UT 84037-4203

Ship to:

Customer ID	Customer PO	Payment Terms	
nor04		Net 30 Days	
Sales Rep ID	Shipping Method	Ship Date	Due Date
			1/11/08

Quantity	Item	Description	Unit Price	Amount
1.00		Reseed @ Basin Perlite North Pit	7,400.00	7,400.00
Subtotal				7,400.00
Sales Tax				
Total Invoice Amount				7,400.00
Payment/Credit Applied				
TOTAL				7,400.00

Check/Credit Memo No:

Interest will be charged on all invoices over 30 days at 26.99% annual

Peril Queen Pit Re-seeding Photo's

